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BY E-MAIL AND HAND DELIVERY

Mary L. Cottrell, Secretary

Department of Telecommunications & Energy

One South Station, 2nd Floor

Boston, MA 02110

Re: D. T. E. 99-271

Dear Secretary Cottrell:

On February 2, 2001, by hearing officer memorandum, the Department requested comment on a revised Performance Assurance Plan ("PAP") that Verizon filed in this docket on January 30, 2001, pursuant to the Department's standing requirement that Verizon file in Massachusetts changes approved in New York for the New York PAP. I am writing this letter on behalf of AT&T in response to the Department's request.

AT&T's principal concern with the proposed changes relates to the reallocation of existing billing credits to the new DSL line sharing metrics, rather than the "appropriation" of additional potential billing credits for a new service that represents a growing market. It will add little to Verizon's incentives if the additional measures are added without additional liability exposure for Verizon. The applicable penalty caps must be increased to accommodate the new metrics. Otherwise, Verizon's existing liability exposure will be reallocated among existing categories with no overall increase in incentives.

DSL services represent a new and growing telecommunications market, offering the prospect of substantial additional revenues to Verizon. In its Third Report and Order and Fourth Further Notice of Proposed Rulemaking, (1) the FCC noted the enormous expansion of Verizon's DSL services to meet expected demand:

In January 1999, Bell Atlantic announced plans to rollout ADSL service in several states and entered into a marketing alliance with America On-Line in which Bell Atlantic hopes, by the end of 1999 to make ADSL available to seven million subscribers. Combined, Bell Atlantic and GTE have stated that the number of xDSL capable-lines available in region will be 17 million and they will have ADSL capability in 550 central offices, allowing them to serve as many as 6.1 million xDSL customers.

Id. at 315. With so much new revenue at stake, the Department should increase Verizon's liability in order to discourage anti competitive behavior in this new and growing market.

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With regard to the remaining proposed changes, AT&T accepts at face value Verizon's representation that the changes it has proposed to the Massachusetts PAP mirror those that have been approved for the New York PAP. AT&T, however, reserves its right to object to the proposed changes if it should later become apparent that the proposed changes do not, in fact, accurately mirror those that were approved in New York.

Very truly yours,

Jay E. Gruber

cc: Service List (attached)

1. 1 Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, Third Report and Order and Fourth Further Notice of Proposed Rulemaking, 15 FCC Rcd 3696, 3699, para. 1 (1999) ("UNE Remand Order").